

Memorandum



Date: February 12, 2025

To: Sherea Green, Director
Corrections and Rehabilitation Department

From: *OCUR*
Ofelia Tamayo, Director
Internal Compliance Department

Subject: Final Report – 2023 Aramark Contract and Inmate Welfare Trust Fund Review

PURPOSE AND SCOPE

As requested, we conducted a review of the five-year Agreement for Inmate Commissary and Banking Services (Contract) between Miami-Dade County (County) Corrections and Rehabilitation Department (Department) and Aramark Correctional Services, LLC (Aramark), as well as the Inmate Welfare Trust Fund for the Fiscal Year (FY) ended September 30, 2023. The objectives were to assess controls over Commissary operations, verify staff adherence to applicable policies and procedures, and evaluate vendor compliance with key contract provisions. Our review included, but was not limited to, vendor performance, accounting for Commissary transactions, administration of Inmate Funds, and cash management practices. We also reviewed the status of corrective actions taken by the Department to address prior recommendations detailed in our Report dated January 31, 2024 (Exhibit I).

BACKGROUND

For FY ended September 30, 2023, the Department offered Commissary services for approximately 4,696 inmates awaiting trial or serving sentences less than 365 days at three correctional facilities: Metro-West Detention Center, Pre-Trial Detention Center, and Turner Guilford Knight Correctional Center. Services are provided through Aramark's Contract which was signed on April 1, 2020, effective for an initial five years, with one five-year renewal option at the County's discretion.

Under the terms of the Contract, Aramark continues to provide an automated Commissary Accounting System and peripheral modules to primarily account for Inmate Trust Funds and Commissary-related transactions processed by Department staff. Further, Aramark has Kiosk Systems at two facilities for commissary orders.

Inmates may select from over 150 Commissary items, including snacks, toiletries, clothing, and non-prescription drugs; however, retail prices may not exceed the fair market value for comparable products sold in the community. Orders are placed via the Kiosks or Scantron forms which are processed at Aramark's warehouse for weekly fulfillment. Inmate accounts are charged promptly after order processing. Family and friends can also order pre-packaged items on-line from Aramark *iCare* service platform for delivery to inmates. Aramark delivers orders to Department

personnel at the warehouse facility in the Department's headquarters for sorting and delivery to detention facilities. Monthly, Aramark submits various reports to the Department summarizing sales and commissions. In FY 2023, the County earned a 50% commission on all eligible Commissary and *iCare* sales.

The Aramark Core Banking System is used to track and account for individual inmate balances and other Commissary-related accounts. *TouchPay* Holdings LLC (*TouchPay*), a wholly owned subsidiary of Global Tel*Link (GTL), maintains Kiosk systems at each facility, as well as in the Leo Lobby and Property Room, for inmate transactions such as to deposit monies found on inmates at time of arrest or booking. The County earns 8% commission on fees collected for deposit transactions via *TouchPay*.

As of September 30, 2023, Commissary Operations had Cash-in-Banks totaling \$1.1 million of which certain amounts were being held in trust for inmates or owed to Aramark (Table I). Disbursements are made to Aramark (for product cost and sales tax) upon receipt of monthly invoices.

Table I
Commissary Accounting System

Description	As of September 30,	
	2022	2023
Assets:		
Cash-in-Banks	\$ 1,795,051	\$ 1,148,409
Intake Funds and Cash-on-Hand	103,738	171,775
Subsistence and Other Fees Receivable ¹	24,645,600	21,005,925
Reserve for Uncollectible Fees	(25,257,935)	(21,330,981)
Other	109,467	(45,159)
	<u>\$ 1,395,921</u>	<u>\$ 949,969</u>
Liabilities:		
Due to Inmates	\$ 213,798	\$ 262,873
Due to Aramark	299,662	436,693
Aramark Correctional Services ²	555,401	-
Vending Machine Purchases ³	68,437	-
Debit Card Release	88,874	97,602
Other	169,749	152,801
	<u>\$ 1,395,921</u>	<u>\$ 949,969</u>

Source: Aramark's Commissary Accounting System

¹ Receivable in FY 2023 is net of \$3,383,802 write off made during the period.

² Amount represents two months of Commissary and Touch Pay Commissions paid in October 2022.

³ Vending machines were made available to inmates for purchases in July 2022.

Annually, the Department transfers monies from the Jail Commissary Trust Fund to the Inmate Welfare Trust Fund to benefit inmates (Table II). Fund balances, or a portion thereof, may be used for educational programs, recreational equipment, reading materials, or other similar items.

Table II
Inmate Welfare Fund

Description	As of September 30,	
	2022 ¹	2023
Receipts:		
Transfers from Jail Commissary Trust	\$ 1,591,944	\$ 1,561,020
Other Miscellaneous Revenues and Credits	-	12,513
Interest Earnings	993	7,271
Collections in Trust	274	212
Total Receipts	<u>1,593,211</u>	<u>1,581,016</u>
Disbursements:		
Cross Index Salaries and Fringe Distributed	1,206,581	897,461
Other Professional Accounting and Auditing Services	-	52,991
Computer Equipment Other than PC	-	44,882
Educational and Educational Materials	25,522	30,998
Miscellaneous Other Operating Supplies	30,223	18,358
Other Outside Contractual Services	-	5,878
Inmate Uniform	-	2,843
Printing and Reproduction	15,441	2,715
License & Permit Fees	550	1,731
Special Supplies for Clients:		
Welcome Kits	-	100,600
Legal Research	97,137	87,044
Unsentenced Inmates Workers Bags	-	81,000
Indigent Inmate Kits	18,157	55,443
Transit Passes	33,750	52,875
Recreational Items	36,613	45,803
Cosmetology Items	20,047	41,570
Incentive Kits	18,000	26,400
Electronics	25,600	18,600
Miscellaneous	11,514	9,903
Total Expenditures	<u>1,539,135</u>	<u>1,577,095</u>
Change in Fund Balance	54,076	3,921
Fund Balance, Beginning of Year	<u>74,757</u>	<u>128,833</u>
Fund Balance, End of Year	<u>\$ 128,833</u>	<u>\$ 132,754</u>

Source: *INFORMS*

¹ Some amounts have been reclassified to reflect accuracy of comparison with FY 2023.

Periodically, the County's Integrated Financial Resources Management System (*INFORMS*) is updated for all Commissary-related transactions, primarily in the Jail Commissary Trust Fund (Table III).

Table III
Jail Commissary Trust Fund

Description	As of September 30,	
	2022	2023
Revenues:		
Commissary Commissions (Table V)	\$ 1,518,733	\$ 2,069,269
iCare Commissions (Table VI)	741,397	272,855
TouchPay Commissions (Table V)	40,920	44,497
	2,301,050	\$2,386,621
Interest Earnings	5,137	13,994
	2,306,187	2,400,615
Expenditures:		
Salary & Fringe Reimbursement	713,318	833,792
Other Operating	-	4,805
	713,318	838,597
Excess before Transfers	1,592,869	1,562,018
Transfers to Inmate Welfare Trust Fund (Table III)	(1,591,944)	(1,561,020)
Excess (Deficit) after Transfers	925	998
Fund Balance (Deficit), Beginning of Year	152	1,077
Fund Balance (Deficit), End of Year	\$ 1,077	\$ 2,075

Source: *INFORMS*

SUMMARY RESULTS

Our review disclosed that the Aramark Commissary Accounting System used by the Department to process inmate Commissary orders and other transactions, as well as account for inmate funds, properly recorded all transactions selected for testing. The Contract requires Aramark to fill inmate orders with 99% accuracy in the aggregate on a weekly basis. However, this standard was not met on individual pick ticket orders tested nor in the aggregate on a weekly basis. Additionally, our tests disclosed that Aramark's pricing of Commissary items was above the "fair market value," in 18 (72%) of the 25 items tested. Furthermore, there were two price adjustments within one year which is not in compliance with the Contract.

Aramark submitted Commissary and *TouchPay* monthly invoices, as well as *iCare* Sales and Commission reports beyond the five-day window, as required by the Contract. Aramark and another vendor also did not submit expenditure invoices in *INFORMS* in a timely manner. Expenditures were not always pre-approved by the Inmate Welfare Trust Committee, as required by the Contract.

The Department did not maintain an inventory record for items purchased through the Inmate Welfare Trust Fund during FY 2023. Furthermore, the current Warehouse Inventory System (Inventory System) is deficient, as it has a limit on the number of items that can be recorded and

thus, the entire inventory in stock cannot be captured requiring a Manual Inventory Record (Manual Record) is to be maintained.

Financial and operating reports generated by the System, including those used to determine commission revenues paid to the County, were generally accurate. We also followed-up on prior report findings to ensure they were adequately addressed (Exhibit I). Our evaluation of internal controls was limited to a select number of transactions; therefore, we may not have identified all deficiencies in internal controls that might be considered material.

These and other findings are detailed in the remainder of this Report, along with the Department's Response (Attachment I). Overall, the Response provided including actions already taken to resolve the findings appear satisfactory, and thus, the review has been closed. We appreciate the courtesy and cooperation extended to our staff during the process. If you have any questions, please contact Alina Z. Garcia, Internal Compliance Manager, at (786) 469-5900.

FINDINGS AND RECOMMENDATIONS

Commissary Fulfillment Deficiency

The Contract requires Aramark to fill inmate orders with 99% accuracy in the aggregate on a weekly basis. The Internal Compliance Department (ICD) selected a sample of 20 individual orders (pick tickets) to determine the accuracy of the fill rate percentage in FY 2023. Twelve of the commissary orders (60%) were not filled above 99%. These orders had items missing resulting in order fill rates ranging from 59% to 98%. Consequently, Aramark provided a Weekly Summary Report to support the weekly aggregate fill rate for pick tickets in compliance with the Contract. The Report, segmented into Week Endings, depicted each period had a fill rate of 99% or higher. We selected five weeks to review the fill rate in the aggregate and we noted the following:

Table IV
Deficiencies in Weekly Summary Report
FY ended September 30, 2023

Description	Week ending				
	10/28/22	12/09/22	12/30/22	06/09/23	09/01/23
Support for missing items count was less than the total count missing.	✓			✓	✓
Support for missing items count was greater than the total count missing.		✓	✓		
Fill rate calculation was incorrect, as missing items were applied for orders not included in the item count.		✓	✓		✓

Source: Weekly Summary Report and Supporting Documentation

Additionally, the Weekly Summary Report disclosed the fill rate was lower than the 99% from the week ending February 17 through September 1, 2023. Furthermore, the missing items total was not included in the Report for the weeks ending September 8 through September 30, 2023. We were advised by Aramark staff that the Weekly Summary Report was not accurate, as the missing items total used to calculate the fill rate percentage included not only missing items, but also refused, damaged and returned items.

Aramark may be penalized up to 10% for failure to meet the 99% performance target. However, the Department has decided not to assess these penalties.

Recommendation

The Department must ensure that Aramark complies with the contracted fill rate of 99% on orders completed and that penalties are assessed if the orders are not in compliance.

Fair Market Value Pricing of Commissary Items

The *2023 Florida Statutes Chapter 951, Section 23, Part (9)(b)* and *Florida Model Jail Standards Chapter 12, paragraph 12.1, Inmate Commissary and Welfare Fund* require that Commissary prices not exceed the fair market value for comparable products sold in the community where the facilities are located. ICD selected 25 items from the FY 22/23 item list, used the prices of the same items from the FY 23/24 item list, and compared the prices of these items at local stores in July 2024. We identified 18 (72%) items with prices higher than the 10% tolerance limit.

Additionally, we reviewed the Active Items List to ensure items were either listed on the Commissary Items Master Menu or the Commissary Kiosk Menu. We identified 53 items listed on the Active Items List that were not listed on either Commissary Menu.

Furthermore, there is no formal approval of the Commissary Menus by the Department, as required by the Contract. ICD was only able to obtain emails indicating that the Fair Market Value price was approved for the items sold. However, the Department was unable to provide us with what was approved, since the approval was verbal.

Recommendation

The Department should work with Aramark to lower the menu prices to acceptable standards. Additionally, the Active Items List should be reviewed and ensure items are available on the Commissary Menus. The Department needs to maintain a record of the Commissary Menu, including the agreed upon Fair Market Value price, that is approved annually.

Commissary Commissions

Aramark provides the Department with monthly reports and invoices indicating total Commissary sales, fees collected and commissions payable to the County. These reports are used to validate amounts owed to Aramark for merchandise sales and sales taxes, as well as commissions due to the County. After the reconciliation and verification process are complete, the County draws checks to itself and Aramark for the amounts owed.

ICD noted that Aramark submitted 10 of the 12 Commissary monthly invoices beyond the five-day window allowed in the Contract, ranging from one to 64 days late (Table V). Each monthly transfer of payment to the County was made within 45 days of receipt of invoice.

Table V
Receipt of Commissary and *TouchPay* Invoices
For FY ended September 30, 2023

Month	Invoice Due Date	Date Invoice Submitted in INFORMS	No. of Days Late - Receipt of Invoice	Commissary Amount	TouchPay Amount
October	11/05/22	11/25/22	20	\$ 149,772	\$ 3,636
November	12/05/22	02/07/23	64	137,032	3,354
December ¹	01/05/23	02/07/23	33	21,395	-
January	02/05/23	02/20/23	15	183,466	3,516
February	03/05/23	03/27/23	22	180,774	3,684
March ²	04/05/23	04/06/23	1	211,408	-
April	05/05/23	05/23/23	18	180,499	4,118
May	06/05/23	06/21/23	16	190,506	3,672
June	07/05/23	07/05/23	0	204,094	3,780
July	08/05/23	09/21/23	47	218,463	3,856
August	09/05/23	09/21/23	16	195,022	4,071
September ³	10/05/23	10/03/23	0	196,838	7,041
Sub-total				2,069,269	40,728
FY 2022 ⁴				-	3,769
Total (Table II)				\$ 2,069,269	\$ 44,497

Source: Miami-Dade Corrections and Rehabilitation Department Reports and Aramark Invoices.

¹ Amounts reflect the Claw Back for Commissary and *TouchPay*, of \$133,413 total.

² Commencing in March 2023, the Department agreed with Aramark that the *TouchPay* invoices would be submitted one month in arrears.

³ *TouchPay* commission for August 2023 was \$7,041, which included an overpayment of \$3,981. As a result, the commission for September 2023 was reduced by the overpayment and collected in FY ended 2024.

⁴ Amount represents the September 2022 commission collected on October 5, 2022.

Although *iCare* Commission Revenues were calculated correctly, checks were received for the correct amount and deposited timely, 10 of the 12 *iCare* Sales and Commission reports reviewed

were submitted after the 5th of the month, as required by the contract. Delays ranged between one and 64 days (Table VI).

Table VI
Receipt of iCare Sales and Commission Reports
For FY ended September 30, 2023

Month	Report Due Date	Date Received	No. of Days Late - Receipt of Report	Commission Amount
October	11/05/22	11/25/22	20	\$ 36,024
November	12/05/22	02/07/23	64	26,793
December	01/05/23	02/07/23	33	24,822
January	02/05/23	02/20/23	15	23,839
February	03/05/23	03/16/23	11	16,339
March	04/05/23	04/06/23	1	15,455
April	05/05/23	05/23/23	18	16,735
May	06/05/23	06/21/23	16	20,424
June	07/05/23	07/05/23	0	22,808
July	08/05/23	08/11/23	6	23,099
August	09/05/23	09/08/23	3	20,456
September	10/05/23	10/03/23	0	26,061
Total (Table II)				\$ 272,855

Source: Miami-Dade County Corrections and Rehabilitation Department Reports

Recommendation

Prospectively, the Department staff should continue to encourage Aramark to comply with the five-day requirement and ensure that commissions are settled within 30 days.

Adjustments to Commissary Prices

The Contract stipulates that Aramark shall review the entire Master Menu and make appropriate price adjustments once per year and obtain approval by the Department. Any proposed pricing increase shall not exceed the latest issue of the Consumer Price Index (CPI). However, the Department granted two menu price increases to Aramark which is in noncompliance with Contract terms. In January 2023, the Department approved a retroactive price adjustment ("Claw Back") for the period of July 2021 through December 2022, based on the 2021 CPI of 5.1%. The Claw Back was approved by the Deputy Director for \$133,413 and was deducted from the December 2022 commission of \$154,808 due to the County. Additionally, Aramark along with the Department Administration verbally approved an increase of 10% to menu prices which became effective in July 2022.

Recommendation

Prospectively, and to avoid noncompliance with contractual agreements, the Department should thoroughly review the prices of the Commissary Menu to ensure

appropriate price increases are captured when the menu is approved, which should not exceed annual frequency and approval evidenced in writing.

Inmate Welfare Fund Expenditures

Per the *Departmental Standard Operating Procedure (DSOP) 21-002 Inmate Welfare Fund (IWF)*, all approved IWF expenditure request memorandums shall be processed in accordance with *DSOP 5-015 "Purchase Requests"* and *DSOP 5-010 "Accounts Payable"*.

During the FY ended September 30, 2023, ICD selected 35 expenditures for review, noting these expenditures were the result of commissary operations; approved by the IWF Committee prior to the goods being invoiced and the expense incurred; acknowledgement of receipt of goods was evident; invoice was received timely, approved for payment, paid within 45 days of receipt; the expenditure was reasonable; and verified the vendor with on-line data available.

We noted that Aramark and another vendor did not submit the invoices in a timely manner. ICD compared the invoice date with the date the invoice was received, as per the *INFORMS* payment record and noted six of 35 invoices were submitted between 49 and 223 days after the invoice date (Schedule I). We were informed that Aramark had issues with submitting invoices in *INFORMS* which created a backlog of invoices. The Department assisted Aramark with the resulting backlog of invoices. Three of the six invoices submitted late, between 49 and 202 days, were part of the backlog issue.

Additionally, seven invoices were not paid in a timely manner, between 48 and 11 days, and another eight expenditures were approved by the IWF Committee after the purchase was completed (Schedule I). In one (of eight) instance, the IWF Committee approved the purchase of the expenditure including a 20% contingency, however, the invoice received was 20% higher than the amount approved. The IWF Committee approved the supplemental expenditure after the invoice was received.

Recommendation

The Department should ensure that invoices are approved prior to purchasing the items, vendors submit their invoices in a timely manner and payments are made within 45 days of receipt, as required by the *DSOPs*.

Inventory Management

Per the *Inmate Welfare Fund DSOP 21-002*, expenditures for the inmates may include recreational items, inmate program items, inmate supplies, recreational and legal reading materials and other items to promote the health and welfare of the inmate population. ICD noted that an inventory record was not in existence during FY 2023.

The Department maintains two inventories, since the Inventory System has a quantity limit of 32,000, which is inconsistent with inventory levels maintained, such as 122,400 washcloths in

inventory at the time of our physical count. In September 2024, the Department commenced recording warehouse items in both an Inventory System and a Manual Record due to the system limitation. We physically counted a sample of items on the shelves, and the physical count agreed to both the Inventory System and Manual Record.

Recommendation

Management should ensure a formal inventory process is always in place, to ensure items purchased through the IWF are safeguarded upon receipt and distribution is accounted for. This process should be added to the *DSOP*. Additionally, the Inventory System should be evaluated to determine if it has the capability to remove the quantity limit to provide an effective and efficient inventory.

User Access Privileges

As noted in the prior year Report, access to the Aramark Core Banking System (System) does not reflect proper segregation of duties for certain functionalities. We reviewed the System user access, specifically those individuals from the Inmate Finance Department, within the Bureau of Budget and Finance, with access to perform Bank reconciliations, noting four individuals have access to perform Bank reconciliations, as well as other functions, such as make a deposit, do a journal entry, and void a transaction.

Recommendation

The Department should evaluate the number of users with System access for specific functions to determine if such access is warranted and make necessary changes to ensure adequate segregation of duties always exist.

OT:bm

Attachments

c: Geri Bonzon-Keenan, County Attorney
Carladenise Edwards, Chief Administrative Officer
Jimmy Morales, Chief Operations Officer
James Reyes, Chief of Public Safety
David L. Clodfelter, Director, Office of Management and Budget
Veronica V. Salom, Deputy Director, Administration, Corrections and Rehabilitation
Department

**Inmate Welfare Trust Fund
Results of Expenditure Testing
Fiscal Year Ended September 30, 2023**

No.	Invoice Date	Date Invoice Received in INFORMS	Invoice No.	Vendor/Description	Inmate Welfare Committee (IWC) Approval Date	Payment Date	Transaction Amount	Approval by IWC Prior to Goods Invoiced/Expense Incurred	Timely Payment ¹	No. of Days Late Exceeds 45 days	Timely submittal of Invoice in INFORMS ²	No. of Days Late Exceeds 45 days
1	09/28/22	02/07/23	000000926-000370*	Aramark/Welcome Kits	02/15/23	04/04/23	\$ 20,000	N/A ³	X	56	X	132
2	08/11/23	09/11/23	203	MDCPS - Lindsey Hopkins TEC/Tuition	08/16/23	09/28/23	15,143	X	✓		✓	
3	07/20/22	02/07/23	000000926-000361*	Aramark/Welcome Kits	03/14/23	04/13/23	13,600	N/A ³	X	65	X	202
4	01/04/23	N/A ⁴	TP000003277	Passes	01/06/23	N/A ⁴	11,250	X	✓		✓	
5	8/10/2023	N/A ⁴	MDI-CR-09.27.23-00001	Miami Dade Corrections and Rehabilitation/Inmate Incentives	09/29/23	N/A ⁴	9,080	X	✓		✓	
6	12/28/22	02/15/23	000000926-000383*	Aramark/Unsentenced Inmate Worker Bags	03/27/23	04/18/23	9,000	X	X	62	X	49
7	12/06/22	03/16/23	G10054	Zipp Sporting Goods/Recreational Items	09/01/22 and 04/19/23 **	04/25/23	7,971	X	✓		X	100
8	08/01/23	08/02/23	80123	Legal Research Associates/Legal Research Services	08/16/23	09/19/23	7,920	N/A ³	X	48	✓	
9	12/01/22	12/02/22	1201223	Legal Research Associates/Legal Research Services	12/23/22	02/07/23	7,655	N/A ³	X	67	✓	
10	09/21/22	11/25/22	000000926-000369	Aramark/Unsentenced Inmate Worker Bags	02/15/23	03/16/23	7,500	X	X	111	✓	
11	11/23/22	11/25/22	000000926-000379	Aramark/Unsentenced Inmate Worker Bags	02/15/23	03/16/23	7,500	X	X	111	✓	
12	06/29/22	02/07/23	000000926-000356	Aramark/Unsentenced Inmate Worker Bags	02/18/23	03/21/23	7,500	✓	✓		X	223
13	06/29/22	02/07/23	000000926-000357	Aramark/Covid Incentive Kits	02/15/23	03/21/23	4,500	X	✓		X	223
Total							\$ 128,619	8	2		6	

¹ Timely payment is defined as paid within 45 days from the date the invoice is received in INFORMS, per Departmental Standard Operating Procedure 5-010 - Accounts Payable.

² Invoice was submitted in INFORMS within 45 days of invoice date.

³ Welcome kits and legal research services are specifically included in the Contract as items to be purchased, therefore, prior approval from IWF Committee is not required.

⁴ Expenditure was an interdepartmental billing transaction.

* Invoice pertains to Aramark's backlog.

** Invoice amount was 20% greater than approved purchase amount. IWF Committee approved the additional expenditure amount after the invoice was received.

✓ Criteria is met.

X Criteria is not met.

N/A - Criteria does not apply.

**Corrections and Rehabilitation Department
Aramark Contract and Inmate Welfare Trust Fund
Status of Prior Findings ¹**

Finding	Recommendation	Auditee Response	Current Status
Commissary Fulfillment Deficiency			
The Contract requires Aramark to fill inmate orders with 99% accuracy in the aggregate on a weekly basis. We selected a sample of 25 individual orders (pick tickets) to determine the accuracy of the fill rate percentage. Two of the orders were returned due to the inmate being released and an additional two orders (pick tickets) could not be located by Department staff. We identified nine commissary orders (43% of the 21) which Aramark failed to meet the fill rate on an individual basis. These orders had items missing resulting in an order fill range from 88% and 98%. However, these fill percentage rates were calculated on an individual basis and not on an aggregate weekly basis, as required by the Contract. Aramark provides a weekly report indicating compliance with the fill rate, including consideration for the missing items. We requested supporting documentation for two weeks of missing items per Aramark's report, corresponding to two of the nine orders, to ensure items are accurately accounted for. However, this additional documentation was not provided by Aramark. Aramark may be penalized up to 10% for failure to meet the 99% performance target. However, the Coronavirus Disease 2019 pandemic (COVID-19) and the economy continue to cause supply chain issues and thus, Department Management has decided not to assess penalties.	Department staff should continue to monitor compliance with the commissary fulfillment provision and ensure that the weekly report received from Aramark is accurate and amount reflected are adequately supported on a sample basis. Department staff should ensure that inmate's purchase orders are adequately stored and filed sequentially.	<i>MDCR will continue to monitor the fulfillment rates to ensure that Aramark is in compliance with the stipulations in the Contract. MDCR will audit a sample of pick tickets against the Fulfillment Report for each facility on a weekly basis to ensure accuracy of Aramark's Fulfillment Report. In the event Aramark does not meet the performance target, MDCR may begin the process to assess penalties. Currently, both MDCR and Aramark have mechanisms in place to ensure that pick tickets (purchase orders) can be located upon request. Aramark has created a scanning program that will warehouse all signed pick tickets.</i>	Unresolved The Internal Compliance Department (ICD) selected a sample of 20 individual orders (pick tickets). Aramark failed to meet the fill rate on an individual basis in twelve of the commissary orders (60% of the 20). These orders had items missing resulting in an order fill range from 59% to 98%. We also selected five weeks in the Weekly Summary Report corresponding to five weeks with a fill rate under 99%. Discrepancies identified were as follows: pick tickets provided with missing items for the week exceeded the total items (by 184 items) as reflected in the Weekly Summary Report, the fill rate could not be calculated since insufficient pick tickets were provided for the week, and the fill rate percentage was below the 99% as required. Additional review of the Weekly Summary Report disclosed that from the week ending February 17 through September 1, 2023 the fill rate was lower than the 99% required fill rate and thus not in compliance with the Contract. Furthermore, for the weeks ending September 8 through September 30, 2023, the missing items total was not included in the report.
Fair Market Value of Commissary Items			
The 2022 Florida Statutes Chapter 951, Section 23, Part (9)(b) and Florida Model Jail Standards Chapter 12, paragraph 12.1, Inmate Commissary and Welfare Fund require that Commissary prices not exceed the fair market value for comparable products sold in the community where the facilities are located. We judgmentally selected 30 items and identified five (17%) items with prices higher than the 10% tolerance limit. Additionally, the Commissary Master Menu, Kiosks Menu and the Active Items Reports list have inconsistencies in the items and the prices listed. Overall, 82 items listed as active, per the Aramark Inventory List of June 21, 2023, were not listed on either the Commissary Items Master Menu or the Kiosks Menu.	The Department should work with Aramark to lower the menu prices to acceptable standards. Additionally, the reports should be carefully reviewed for consistency and accuracy of items and prices listed.	<i>The Contract requires that a third party complete a Fair Market Value (FMV) report. The 2023 FMV report was completed in December 2023. MDCR and Aramark will review items with inconsistent pricing based on the FMV report and resolve item pricing to comply with the Contract requirement.</i>	Unresolved ICD judgmentally selected 25 items and identified 18 (72%) items with prices higher than the 10% tolerance limit. Additionally, 53 items listed as active, per the Aramark Inventory List, were not listed on either the Commissary Items Master Menu or the Commissary Kiosk Menu.

Corrections and Rehabilitation Department
Aramark Contract and Inmate Welfare Trust Fund
Status of Prior Findings¹

Finding	Recommendation	Auditee Response	Current Status
Commissary and TouchPay Commissions			
Inmates are allowed to place Commissary orders weekly with a limit of \$150 for regular orders and \$105 for prepackaged orders. Orders are delivered weekly at a centralized delivery point. Family members and friends can also deposit funds to inmate accounts using TouchPay. Contractually, the County earns commissions on the proceeds from Commissary sales and TouchPay deposit fees, which are managed in the Aramark Core Banking System via an account at Wells Fargo, where inmates' accounts and transactions thereon are administered by the Department. Aramark provides the Department with monthly reports and invoices indicating total Commissary sales, fees collected and commissions payable to the County. These reports are used to validate amounts owed to Aramark for merchandise sales and sales taxes, as well as commissions due to the County. After the reconciliation and verification processes are complete, the County draws checks to itself and Aramark for the amounts owed. Nonetheless, we noted that Aramark submitted five monthly invoices for Fiscal Year (FY) 2022 beyond the five-day window allowed in the Contract. The Department staff did not always timely remit Commissary and TouchPay commissions earned to the County, delays ranged between one and 50 days from the due date for Commissary sales invoices and between one and 110 days for TouchPay invoices (Table IV). Consequently, the TouchPay commission for September 2022 was posted in February 2023 (FY 2023) since the invoice was received 56 days late. Department staff advised that payment delays usually relate to reconciling and the submission of the reports for the TouchPay commissions. Furthermore, two Commissary commission monthly invoices were not calculated correctly, although the difference was immaterial, and one monthly invoice was not dated when signed. Due to the discrepancies noted above, and the date of issuance of our last audit report (December 2022), the Audit and Management Services Department reviewed two additional monthly invoices (January and February 2023) and noted no delays in the submission of the invoices from Aramark or the remittance of the commissions earned to the County.	Prospectively, Department staff should continue to encourage Aramark to comply with the five-day invoicing requirement and ensure that commissions are settled within 30 days. Additionally, invoices should be signed and reviewed carefully to ensure accuracy.	<i>MDCR concurs with the ICD* finding that Aramark submitted five monthly invoices for FY 2022 beyond the five-day window allowed in the Contract. This prevented MDCR from remitting timely payments for commissary sales to Aramark as well as disbursing the TouchPay and commissary commissions. MDCR made Aramark aware, on several occasions, that the monthly reports and invoices were constantly late. Aramark's response has been that the TouchPay reports to reconcile their monthly are received in the middle of the following month. Finally, on March 24, 2023, MDCR met with Aramark and agreed for the TouchPay commission report to be submitted one month in arrears. Since then, there have not been significant delays in the submission of invoices and remittance of payments. MDCR will continue to ensure that payments are settled within the 45 days allowed by the Contract once MDCR receives proper invoices and accurate reports. MDCR is working with Procurement to amend the 5-day invoicing requirement stipulated in the Contract in a supplemental agreement to better reflect the availability of the reports.</i>	Unresolved ICD noted that Aramark submitted three Commissary and TouchPay Commission monthly invoices beyond the five-day window allowed in the Contract. Additionally, the Department staff did not always timely remit the Commissary and TouchPay commissions earned to the County, delays ranged between one and 49 days from the due date.

**Corrections and Rehabilitation Department
Aramark Contract and Inmate Welfare Trust Fund
Status of Prior Findings¹**

Finding	Recommendation	Auditee Response	Current Status
Inmate Welfare Fund Expenditures			
Per Departmental Standard Operating Procedure (DSOP) 21-002 Inmate Welfare Fund (IWF), all approved IWF expenditure request memorandums shall be processed in accordance with DSOP - 5-015 "Purchase Requests" and DSOP - 5-010 "Accounts Payable". We reviewed a sample of 35 invoices noting receipt of goods and services was not evidenced on one (3%) invoice. Additionally, nine (26%) were not paid in a timely manner (between 1 and 388 days late; average of 90 days late) and three (9%) expenditures were approved by the IWF Committee after the purchase was completed.	Department staff should ensure that invoices are approved prior to purchasing items, receipt of goods is acknowledged before effecting payment and payment is made within 45 days as required by DSOPs.	MDCR reviewed the records for statement of November 5, 2021, and revealed that all backup documentation was provided to the Finance Department. The provided documentation is enclosed for your examination. As it relates to the nine invoices, below please find additional information indicating the reason for the late payments for five of the nine invoices was outside the purview of MDCR: • Four (4) invoices were paid late due to vendor's late submission of a proper invoice to Invoice Submittal in INFORMS. • One (1) of the four was received after Contract RFP-649 expired and a new Purchase Order had to be generated using RFP-01207. • One (1) invoice was routed by the Finance Department to the wrong origin in INFORMS which had to be deleted; and the vendor submitted a new invoice under number 6012022, which was paid on time. (Invoice number 60122 in Schedule I was deleted in INFORMS). • Four (4) invoices were averaging 15 days delayed because of Inmate Welfare Committee approval memo was pending. To improve timely payment to vendors, the IWF Committee has decided to pre-approve a budget to include a 20% contingency to incorporate possible price increases and the purchase of recurring items at the beginning of each fiscal year. Further, vendors have been notified to send invoices to Invoice Submittal invsbup@miamidade.gov and copy end users to promptly confirm receipt of goods/services in INFORMS or to notify vendor immediately of any discrepancies.	Unresolved ICD reviewed a sample of 35 invoices noting receipt of goods and services was not evidenced for one (3%) of applicable invoices. Additionally, seven (29%) invoices were not paid in a timely manner and eight (30%) expenditures were approved by the IWF Committee after the purchase was completed. Additionally, Aramark invoices were not submitted timely within 45 days. We compared the date of the invoice to the date the invoice was received per INFORMS payment record, and noted that three invoices were submitted after the Department assisted Aramark with their backlog of invoices. Days delayed ranged between 49 and 202 days. Three additional invoices, two from Aramark not included in the backlog and one additional vendor, were submitted late. Days delayed ranged between 100 and 223 days.
Bank Reconciliations			
All Commissary-related transactions, primarily in the Jail Commissary Trust Fund, are updated monthly through INFORMS, which was implemented in April 2021. The Special Services Department has implemented a process that reflects items in transit, as per our discussion with Finance personnel. We acknowledge that the Department reconciles each account with Aramark on a monthly basis, reflecting outstanding checks and deposits in transit. A book to bank reconciliation report is prepared monthly by the Department to reflect the monthly transactions, as well as the ending balances, for each of the six bank accounts. The transactions that have been processed by the Bank that are reflected in the bank statement are input into INFORMS. However, the reconciliation process does not reflect the tracking of deposits in transit or outstanding checks, thus financial reporting does not reflect accurate balances for these bank accounts. Furthermore, SOP No. BF 09-000 for Bank Reconciliations has not been updated to reflect the new reconciliation process in INFORMS and thus is obsolete.	The Department, in coordination with Finance, should develop a reconciliation process that considers items outstanding (checks and deposits) and as such will reflect accurate balances in INFORMS. The Department's Bureau of Budget and Finance should update the SOP for Bank Reconciliations that should be followed by the Department.	MDCR concurs with the ICD* finding and is currently working with Finance Department to develop a reconciliation process that considers items outstanding (checks and deposits) and will reflect accurate balances in INFORMS. As a result of a meeting between MDCR and Finance Department on December 27, 2023, MDCR will submit a biweekly check file to Finance for them to upload in INFORMS. With this integration, MDCR will complete a more accurate reconciliation in INFORMS as recommended. It was the intention of MDCR to add outstanding checks and deposits in INFORMS, but MDCR was advised that the capability was not available at the time of implementation and not immediately necessary since MDCR manages its own bank accounts that have been reconciled in the Core banking system taking into consideration the outstanding items. After the process is finalized MDCR will work with Finance to update its SOP for Bank Reconciliations.	Resolved ICD has confirmed that the Department is providing a check file to Finance for upload into INFORMS on a bi-weekly basis, since February 2024. We noted the reconciliation process was updated in the SOP BF 09-000 effective February 7, 2024.

Corrections and Rehabilitation Department
Aramark Contract and Inmate Welfare Trust Fund
Status of Prior Findings¹

Finding	Recommendation	Auditee Response	Current Status
User Access Privileges We reviewed the Aramark Core Banking System (System) user access and noted that a user's access to the System from the Inmate Finance Department, within the Bureau of Budget and Finance, does not reflect proper segregation of duties for certain functionalities. More specifically, the staff in charge of reconciling the bank accounts has access to perform daily functions, such as postdate entries, make a deposit, do a journal entry, void a transaction, etc.	Department Management should evaluate the number of users with System access for specific functions to determine if such access is warranted and make necessary changes to ensure adequate segregation of duties at all times.	<i>MDCR concurs with the ICD* finding and took immediate corrective action in reassigning functions within the Inmate Finance Unit to ensure accurate segregation of duties. MDCR will evaluate on a quarterly basis the number of users with System access for specific functions to determine if such access is warranted and make necessary changes.</i>	Unresolved We obtained the list of users with access to the System, specifically users from the Inmate Finance Department, within the Bureau of Budget and Finance. We noted all four active users have access to perform bank reconciliations. These individual(s) also have access to perform other functions, such as make a deposit, do a journal entry, void a transaction, etc. Therefore, a lack of segregation of duties continues to exist.

¹ See the Report dated January 31, 2024

*Formerly known as Audit and Management Services

Memorandum



Date: February 10, 2025

To: Ofelia Tamayo, Director
Internal Compliance Department

From: Sherea Green, Director
Miami-Dade Corrections and Rehabilitation Department

Subject: Response to Draft Audit Report
2023 Aramark Contract (RFP-012027) and Inmate Welfare Trust Fund Review

This memorandum is in response to Internal Compliance Department's (ICD) draft audit report of the Miami-Dade Corrections and Rehabilitation Department's (MDCR) Inmate Commissary Operations and Welfare Fund for the Fiscal Year (FY) ending on September 30, 2023. The audit was conducted as statutorily required to assess controls over Commissary Operations, verify staff adherence to applicable policies and procedures, and evaluate vendor compliance with key contract provisions. MDCR would like to thank you and your staff for completing this audit. Your observations and recommendations are welcome for best practices in our administrative and financial operations. It is important to note that some observations have been identified as unresolved from the previous Inmate Commissary Operations and Welfare Fund Audit Report for Fiscal Year 2022, dated December 6, 2023, but had not been provided to MDCR until after the current audit period ending September 30, 2023. MDCR responded to the Fiscal Year 2022 Audit Report on January 15, 2024.

The draft report has been carefully reviewed, and corrective actions will be taken accordingly. Please accept our written responses in accordance with Administrative Order 3-7, Disposition of Audit Reports.

FINDINGS AND RECOMMENDATIONS

Commissary Fulfillment Deficiency

ICD Recommendation: *The Department must ensure that Aramark complies with the contracted fill rate of 99% on orders completed and that penalties are assessed if the orders are not in compliance.*

Department Response: MDCR monitors the fulfillment rates to ensure that Aramark is in compliance with the stipulations in the contract. MDCR audits a sample of pick tickets against the Fulfillment Report for each facility periodically to ensure accuracy of Aramark's Fulfillment Report. In the event Aramark fails to meet the performance target over an extended period of time, MDCR may consider assessing penalties based on the vendor's performance.

Fair Market Value Pricing of Commissary Items

ICD Recommendation: *The Department should work with Aramark to lower the menu prices to acceptable standards. Additionally, the Active Items List should be reviewed and ensure items are available on the Commissary Menus. The Department needs to maintain a record of the Commissary Menu, including the agreed upon Fair Market Value price, that is approved annually.*

Department Response: MDCR thoroughly reviews requests for price increases based on the completed Fair Market Value (FMV) report. MDCR reviews items with Aramark that have inconsistent pricing based on the FMV report and resolve item pricing to comply with the contract requirements before approving price increases. As it relates to the Fair Market Value (FMV) pricing of Commissary items, 18 items were identified with prices higher than the 10% tolerance limit due to limited quantities

and supply chain issues post COVID-19 pandemic. MDCR values Aramark's efforts to provide substitute products when supplies were low and in demand. Additionally, it also may be difficult to compare prices of commissary items in FY 22/23 with prices of comparable products sold in the community in an audit conducted a year later. Going forward, Aramark will maintain a record of items listed on the Active Items List that are introduced throughout the year and not included on the Commissary Menu to avoid any discrepancies.

To clarify, the Active Items List includes all Aramark products available to inmates to include the Commissary menu items, promotional items, seasonal items, and substitute items as approved by MDCR and all such items would not be included on the commissary menus. MDCR does maintain a copy of the commissary menus and readily provides them to the inmates as needed. An electronic version of the menu is also accessible to the inmates via the kiosk. Additionally, MDCR does maintain electronic copies of the completed Fair Market Pricing survey.

Adjustments to Commissary Prices

ICD Recommendation: *Prospectively, and to avoid noncompliance with contractual agreements, the Department should thoroughly review the prices of the Commissary Menu to ensure appropriate price increases are captured when the menu is approved, which should not exceed annual frequency and approval evidenced in writing.*

Department Response: MDCR does thoroughly review requests for price increases to ensure consistency with the completed FMV report. MDCR will ensure price increases occur only annually and are approved in writing. Please note that former Deputy Director Cara Tuzeo approved a price increase of 10% to menu prices in July 2022, as well as an adjustment to MDCR commission ("Claw Back") in January 2023, compensating Aramark for increased product costs they incurred during the period of July 2021 through December 2022.

Regarding approvals in writing, the Department will ensure Aramark collaborates closely with the County's Project Manager when requesting an increase to the price of commissary menu items. The County's Project Manager shall approve the proposed price increase based on the executive summary provided by Aramark. Aramark shall request an increase to the price of commissary items once per year pursuant to the terms of the contract not to exceed the FMV as set forth in section 951.23 of the Florida Statute.

Commissary Commissions

ICD Recommendation: *Prospectively, the Department staff should continue to encourage Aramark to comply with the five-day requirement and ensure that commissions are settled within 30 days.*

Department Response: Aramark is aware of the County centralize invoice submission process. And MDCR works collaboratively to ensure compliance of the five-day invoice submitting requirement and ensure commissions are settled within 30 days. Please note that Aramark's monthly iCare and Commissary Sales were delayed due to Aramark's staffing constraints.

Aramark has followed the five-day reporting requirement since being under new management in October 2023.

Inmate Welfare Fund Expenditures

ICD Recommendation: *The Department should ensure that invoices are approved prior to purchasing the items, vendors submit their invoices in a timely manner and payments are made within 45 days of receipt, as required by the DSOPs.*

Department Response: MDCR concurs with this finding and will ensure that invoices are approved prior to procuring items. To ensure required approval by the IWF Committee is obtained prior to purchase, MDCR submits an approval memorandum for recreational and hygiene items to the IWF Committee for entire fiscal year to ensure items are available as needed.

Inventory Management

ICD Recommendation: *Management should ensure a formal inventory process is always in place, to ensure items purchased through the IWF are safeguarded upon receipt and distribution is accounted for. This process should be added to the DSOP. Additionally, the Inventory System should be evaluated to determine if it has the capability to remove the quantity limit to provide an effective and efficient inventory.*

Department Response: During the audit period, this IWF inventory process was managed by a different bureau. However, the Materials Management Bureau began managing a formal inventory process of items purchased through the IWF in June 2024. This process ensures items are safeguarded upon receipt and distribution is accounted for. The automated system is primarily an ordering system that has a quantity limit. However, there is a manual inventory process of the IWF used to monitor and record all items procured and distributed within MDCR facilities and suitable for appropriate oversight. MDCR is exploring options for an electronic inventory and warehouse system that can handle large volumes of data, ensure real-time tracking and reporting, and enhance the processes and improve the efficiency of MMB.

User Access Privileges

ICD Recommendation: *The Department should evaluate the number of users with System access for specific functions to determine if such access is warranted and make necessary changes to ensure adequate segregation of duties always exist.*

Department Response: MDCR will continue to evaluate and adjust System access as necessary to meet operational need. MDCR has removed the access of two supervisory employees, leaving only two people with access. In response to a recommendation from the previous Audit Report, MDCR had already segregated duties based on the required tasks but had maintained the system access for four employees based on their specific functions.

Please feel free to reach out to Deputy Director Veronica Salom at (786) 263-6049 for additional information or clarification. Thank you for the opportunity to review and respond to the findings in the draft audit report and the assistance and valuable input provided by AMS.

SG/of

c: Veronica M. Salom, Deputy Director of Administration
Omar Fernandez, Chief of Fiscal Resources Division
Gato Jackson, Chief of Facility Support Division
Daphne Killing-Moore, Commander of Materials Management Bureau
Seraphin Bernard, Commander of Budget and Finance Bureau